

# Instructions for 2004 Wisconsin Form 4-ES – Corporation Estimated Tax

## GENERAL INSTRUCTIONS

### Purpose of Form

Corporations use the 2004 Form 4-ES to make estimated tax and recycling surcharge payments for taxable years that begin in 2004. In addition, tax-exempt corporations and trusts filing Form 4T, Exempt Organization Business Franchise or Income Tax Return, must use Form 4-ES to make estimated tax and surcharge payments with respect to their unrelated business taxable income. Included are 5 vouchers to submit when making estimated payments. If you receive an extension of time to file your return, use the 5th voucher for making an estimated tax and surcharge payment by the unextended due date of the return. **Note:** The corporate estimated tax rules apply to tax-exempt organizations, except as noted below.

### Federal Employer Identification Number

Enter the corporation's federal employer identification number (EIN). If you have not yet applied for a federal EIN, you may do so by filing federal Form SS-4 with the Internal Revenue Service, calling (800) 829-4933, or applying online at [www.irs.gov](http://www.irs.gov).

### Who Must Pay Estimated Tax and Recycling Surcharge

Corporations must make estimated tax and surcharge installment payments if the sum of the net tax and recycling surcharge for the taxable year that begins in 2004 will be \$500 or more.

**Exception:** You do not have to make estimated payments if the taxable year that began in 2003 was a taxable year of 12 months, you did not have any liability for tax for the taxable year that began in 2003, and you will have net income of less than \$250,000 for the taxable year that begins in 2004.

### When to Pay Estimated Tax and Recycling Surcharge

In general, the first estimated tax and surcharge payment is due the 15th day of the 3rd month of the taxable year and is equal to 1/4 of the total estimated tax and surcharge due (1/4 of the amount on Schedule A, line 8). The payment amounts and due dates for a calendar year corporation that first meets the filing requirements after February 29 are as follows:

#### If the requirement is met after:

#### Payment is due:

February 29 and  
before June 1 . . . . . June 15

May 31 and  
before September 1 . . . . . September 15

August 31 . . . . . December 15

If the first payment required to be made is due

June 15, enter 1/2;  
September 15, enter 3/4;  
December 15, enter all

of the estimated tax and surcharge due (Schedule A, line 8) on Schedule B, line 2, in the appropriate column.

Corporations filing returns on other than a calendar year basis should substitute the 15th day of the 3rd, 6th, 9th, and 12th months of the taxable year for the payment due dates of

March 15, June 15, September 15, and December 15, respectively. Likewise, the last day of the 2nd, 5th, and 8th months should be substituted for February 29, May 31, and August 31, for purposes of determining when the filing requirement is first met.

### Short Taxable Year

No estimated tax and surcharge installment is required if the short taxable year is a period of 1 month or less. If the short taxable year is more than 1 month, installments are due as shown:

Number of Months in Short Taxable Year	Number of Required Installments	Installment Due Dates
2-3	1	D
4-6	2	A D
7-9	3	A B D
10-11	4	A B C D

A = the 15th day of the 3rd month of the taxable year

B = the 15th day of the 6th month of the taxable year

C = the 15th day of the 9th month of the taxable year

D = the 15th day of the last month of the taxable year

For more information, see section Tax 2.89, Wisconsin Administrative Code.

### New Corporations

The first franchise or income tax return filed by a corporation is considered to cover an entire 12-month period for purposes of determining estimated tax and surcharge installment due dates, even though the corporation's first year of Wisconsin operations may cover less than 12 months.

The portion of the estimated tax and surcharge due for each payment period varies, depending on the number of installments required. If 3 installments are required, 1/2 of the estimated tax and surcharge is due for the first installment and 1/4 is due for each of the 2 remaining installments.

For example, a new corporation, which begins operations in Wisconsin on March 1, 2004, and which elects to file franchise or income tax returns on a calendar year basis, will be required to make 3 installment payments due June 15, September 15, and December 15. If this new corporation's 2004 estimated tax and surcharge is \$4,000, \$2,000 would be due June 15 and \$1,000 would be payable for each of the installments due September 15 and December 15.

### Amended Installments

If the original estimate of tax and surcharge liability is materially altered, you should amend remaining installment payments to reflect the change in estimated tax and surcharge liability. Complete column B of Schedule A to compute your amended estimated tax and surcharge and Schedule C to compute your amended installments due.

Determine the amount to enter on Schedule C, line 6, as follows:

- If all 4 installments are being amended, enter 1/4 of Schedule C, line 4, for all 4 periods.
- If only the last 3 installments are being amended, enter 1/2 of Schedule C, line 4, on

line 6 for the first amended installment and 1/4 for each of the last 2 installments.

- If only the last 2 installments are being amended, enter 3/4 of Schedule C, line 4, for the first amended installment and 1/4 for the last installment.

- If only the last installment is being amended, enter all of Schedule C, line 4, on line 6.

### Interest on Underpayment of Estimated Tax and Recycling Surcharge

If a required installment is not paid by its due date, 12% annual interest may be imposed. The interest is computed on the underpayment of each installment for the period of the underpayment. Use Wisconsin Form 4U to compute underpayment interest.

The period of the underpayment is the time from the due date of the installment to the earlier of either the date on which it is paid or the 15th day of the 3rd month (5th month for tax-exempt organizations) after the close of the taxable year.

Underpayment interest will not be due if each required installment is for the correct amount and is timely paid, **and** the total tax and surcharge paid –

- is at least equal to 90% of the amount of tax and surcharge shown on the 2004 franchise or income tax return filed;
- is, for corporations with less than \$250,000 of Wisconsin net income, 100% of the tax shown on the 2003 return (a 2003 return must have been filed covering a full 12-month year); or
- is at least equal to 90% of the tax and surcharge figured by annualizing the taxable income earned for the months ending before the due date of the installment. (**Note:** Tax-exempt organizations may annualize income for the months of the taxable year ending one month before the installment due date.)

Corporations that compute any installment using the annualized income installment method must increase the next installment due which is not annualized by the amount which the annualized installment was less than a or b above.

Corporations that file returns using the apportionment method may use the apportionment percentage from the return filed for the previous taxable year for computing annualized income installments if (1) the previous year's return is filed by the due date of the installment for which the income is being annualized, and (2) the apportionment percentage on that return is greater than zero.

A multistate corporation that has at least \$250,000 of Wisconsin net income may use the apportionment percentage from its return filed for the previous taxable year for computing annualized income installments if (1) the previous year's return is filed by the due date of the 3rd installment, (2) the apportionment percentage on that return is greater than zero, and (3) the apportionment percentage used in computing the first 2 installments is not less than the apportionment percentage used on that return.

Underpayment interest will be increased or decreased based on any changes made to the tax and surcharge originally reported.

Schedule A Computation of Estimated Tax and Recycling Surcharge		(A) Original Computation	(B) Amended Computation
1	Amount of total estimated net income expected in taxable year that begins in 2004		
2	Percentage of line 1 attributable to Wisconsin		
3	Amount of estimated net income attributable to Wisconsin (multiply line 1 by line 2)		
4	Franchise or income tax (for corporations, 7.9% of income on line 3; trusts use trust rates)		
5	Total estimated credits—such as sales tax, farmland, research, historic, development zone, and technology zone		
6	Net franchise or income tax (subtract line 5 from line 4)		
7	Recycling surcharge (3% of line 4 for C corporations; S corporations and trusts see tax return instructions)		
8	Total estimated tax and recycling surcharge (add lines 6 and 7)		

  

Schedule B Computation of Installments Due	Installment Number			
	1	2	3	4
1 Enter in columns 1 through 4 the installment due dates that correspond to the 15th day of the 3rd, 6th, 9th, and 12th months of the taxable year.				
2 If 4 installments are due, enter in each column 1/4 of Schedule A, line 8, col. A. If less than 4 installments are due, see instructions under "When to Pay."				
3 Enter any overpayment from your 2003 Form 4, 4I, 4T, 5, or 5S (apply first to col. 1 and carry any unused balance to col. 2, then col. 3, etc.).				
4 Installment amount (subtract line 3 from line 2). Enter here and on installment vouchers.				

  

Schedule C Computation of Amended Installments Due	
1 Enter amended estimated tax and recycling surcharge from Schedule A, line 8, column B	
2 Enter:	
a Amount of overpayment from 2003 Form 4, 4I, 4T, 5, or 5S offset against installments paid to date	a
b Amount of payments made to date	b
3 Total of payments and credits claimed to date (add line 2a and line 2b)	
4 Unpaid balance (subtract line 3 from line 1)	
5 Enter the due dates of remaining installments due (from Schedule B, line 1)	
6 To determine the portion of line 4 to enter for each remaining installment, see instructions under "Amended Installments"	
7 Enter the balance of 2003 overpayment – total overpayment credited from 2003 Form 4, 4I, 4T, 5, or 5S less amount entered on line 2a above (apply first to next installment due and carry any unused balance to the next installment due, etc.)	
8 Amended installments due (subtract line 7 from line 6)	

  

Schedule D Record of Payments		Total
1 2003 overpayment from Form 4, 4I, 4T, 5, or 5S		
2 Date paid		
3 Amount paid		
4 Total 2004 payments (add line 1 and line 3)		

Keep Schedules A Through D for Your Records

#### Refunds of Estimated Tax and Recycling Surcharge Payments

If your installment payments and credits exceed the tax and surcharge liability for 2004, the overpayment may be refunded, or all or part may be credited to your 2005 estimated tax and surcharge with any remainder being refunded.

A corporation that has overpaid its estimated tax and surcharge may apply for a refund before filing its tax return if the overpayment is

- at least 10% of its estimated Wisconsin franchise or income tax and surcharge liability and
- at least \$500.

To apply, file Form 4466W, Corporation Application for Quick Refund of Overpayment of Estimated Tax, after the end of the taxable year and before filing your tax return. You must subtract refunds obtained through this process from the estimated tax and surcharge payments that you claim on your tax return. (**Note:** Exempt trusts cannot file Form 4466W.)

A corporation that has a tax or surcharge due when filing its tax return as a result of receiving a "quick refund" will be charged 12% annual interest on the amount of unpaid tax or surcharge from the date the refund is issued to the earlier of the 15th day of the 3rd month after the close of the taxable year or the date the tax and surcharge liability is paid. Any tax or surcharge that remains unpaid after the unextended due date of the tax return continues to be subject to 18% or 12% annual interest, as appropriate.

#### Where to Obtain Assistance

If you need help, call (608) 266-0800 or contact any Department of Revenue office.

#### PAYMENT INSTRUCTIONS

You may make estimated tax and surcharge payments using electronic funds transfer (EFT). For more information and registration forms, visit the Department's web site at [www.dor.state.wi.us/eserv/eft1.html](http://www.dor.state.wi.us/eserv/eft1.html), e-mail [eft@dor.state.wi.us](mailto:eft@dor.state.wi.us), call (608) 264-9918, or

write to the EFT Unit, Wisconsin Department of Revenue, Mail Stop 3-14, P.O. Box 8912, Madison, WI 53708-8912. For EFT payments of estimated tax, enter the last day of your **taxable year**, not the last day of the quarter, for which the payment is being made.

Otherwise, make your check payable to the Wisconsin Department of Revenue, and mail your estimated tax voucher and payment to:

**Wisconsin Department of Revenue  
Box 93194  
Milwaukee, WI 53293-0194**

Do not mail your 2004 estimated tax voucher with your 2003 franchise or income tax return. They are to be mailed to different locations.